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BOOK 70 PAGE 243  
STATE MS.-DESDOT CO. BC

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W.E. DAVIS CH. CLK.  
by B Cleveland &c

**SUBORDINATION, NON-DISTURBANCE AND ATTORNMENMENT AGREEMENT**

THIS SUBORDINATION, NON-DISTURBANCE AND ATTORNMENMENT AGREEMENT (this "Agreement"), made and entered into as of this 6<sup>th</sup> day of December, 1995, by and among PSI SOUTH, INC., a Mississippi corporation with principal offices at 10630 Marina Drive, Olive Branch, Mississippi 38654-3712 ("Tenant"), PLASTIC SPECIALTIES, INC., a California corporation with principal offices at 255 South Seventh Avenue, City of Industry, California 91746 ("Landlord"), and FIRST AMERICAN NATIONAL BANK, a national banking association with principal offices at 327 Union Street, Nashville, Tennessee 37237-0310 ("Lender");

**WITNESSETH:**

WHEREAS, Lender has committed to make a term loan to Landlord in the original principal amount not exceeding \$1,800,000 (the "Loan") in order to provide permanent financing for the real property described on Exhibit A attached hereto and improvements located thereon (collectively, the "Property"); and

WHEREAS, Lender's loan agreement requires the Loan to be secured by a first deed of trust lien on and security in the Property evidenced by a Deed of Trust, Security Agreement and Assignment of Leases executed by Landlord in favor of Lender of even date herewith (the "Security Instrument"); and

WHEREAS, Landlord and Tenant have entered into that certain Industrial Lease Agreement dated September 1, 1994 (the "Lease"), with respect to the Property, all as more particularly set forth in the Lease; and

WHEREAS, the Lease may be prior in time to the Security Instrument and to the right, title and interest of Lender thereto and thereunder; and

WHEREAS, Tenant is willing to subordinate the Lease to the lien and security title of the Security Instrument if Lender gives certain assurances that Tenant's possession of the Property will not, subject to the terms and conditions of this Agreement, be disturbed by reason of a foreclosure of the lien of or exercise of the power of sale under the Security Instrument; and

WHEREAS, Lender is willing to provide such assurances to Tenant upon and subject to the terms and conditions of this Agreement;

NOW, THEREFORE, in consideration of the mutual promises and covenants of the parties hereto, and for other good and valuable consideration, the receipt and sufficiency of all of which are hereby acknowledged, the parties hereto mutually covenant and agree as follows:

1. Subordination. Tenant hereby subordinates all of its right, title and interest in, to and under the Lease to the lien and security title of the Security Instrument, and acknowledges and agrees that the Lease shall at all times hereafter be subject and subordinate in all respects to the Security Instrument and to all renewals, modifications and extensions thereof, subject to the terms and conditions of this Agreement.

2. Notice to Lender; Lender's Cure. Notwithstanding any provision in the Lease to the contrary, no default in the performance of any of Landlord's obligations under the Lease that is of such a nature as to give Tenant a right to terminate the Lease or to reduce the rent payable under the Lease or to any credit, reduction or offset against future rents shall entitle Tenant to exercise any such right, power or remedy unless and until notice of such default is given to

Lender and unless and until thirty (30) days shall have elapsed following receipt of such notice by Lender, during which period Lender shall have the right, but not the obligation, to remedy or cure such default; provided, however, that if such default cannot be cured within thirty (30) days, then Lender shall have such longer period of time as may be necessary to cure such default so long as Lender pursues the cure of same with due diligence.

3. Non-Disturbance of Tenant's Possession. So long as Tenant is not in default in the payment of rent, additional rent or other charges, or in the performance of any of the other terms, covenants or conditions of the Lease, Tenant shall not be disturbed by Lender in Tenant's occupancy of the Property during the original or any renewal term of the Lease or any extension thereof, notwithstanding foreclosure of the Security Instrument, exercise of the power of sale thereunder, acceptance of a deed in lieu of foreclosure, or exercise of any remedy provided in the Security Instrument or in any assignment of leases and rents in favor of Lender, or pursuant to the laws of the state in which the Property is situated.

4. Lender's Obligations. No person or entity who exercises a right arising under the Security Instrument or any assignment of the Lease to receive the rents payable by Tenant under the Lease shall thereby become obligated to Tenant for the performance of any of the terms, covenants, conditions and agreements of Landlord under the Lease. Landlord and Tenant agree that Tenant shall make all payments to be made by Tenant under the Lease to such person or entity upon receipt of written notice of the exercise of such right, and Tenant agrees not to prepay any sums payable by Tenant under the Lease. Receipt of rent by such other person shall not relieve Landlord of its obligations under the Lease, and Tenant shall continue to look only to Landlord for performance thereof.

5. Special Rights of Lender. In addition to and not in lieu of any other provisions of this Agreement, Lender shall not in any way or to any extent be:

- (a) liable for any act or omission of any landlord (including Lender and Landlord) in contravention of any provision of the Lease; or
- (b) subject to any offsets or defenses that Tenant might have against any prior landlord (including Landlord); or
- (c) bound by any rent or additional rent that Tenant might have paid for more than thirty (30) days in advance to any prior landlord (including Landlord); or
- (d) bound by any agreement or modification of the Lease made without Lender's consent; or
- (e) in any way responsible for any deposit or security that was delivered to Landlord but which was not subsequently delivered to Lender.

6. Attornment. Tenant agrees that if Lender acquires title to the Property as a result of foreclosure of the Security Instrument, exercise of the power of sale thereunder or the acceptance of a deed in lieu of foreclosure, or if Lender obtains control of the Property pursuant to any other rights, powers or remedies contained in the Security Instrument, any assignment of leases and rents in favor of Lender, or the laws of the state in which the Property is situated, Tenant will, upon request of Lender or any other person or entity succeeding to the interest of Lender as a result of the exercise of any such right, power or remedy, automatically become the lessee or tenant of Lender or such successor in interest, without any change in the terms and provisions of the Lease, and Tenant will, upon request of Lender or said successor in interest, deliver an instrument or instruments in recordable form, confirming such attornment. Following Lender's exercise of any such remedy, Tenant's sole remedy against Lender or its successors for any act or omission in contravention of any provision of the Lease shall be to cancel the Lease. Neither Lender's acquisition of title to or control of the Property in the manner aforesaid nor the performing of any of the obligations of Landlord pursuant to the Lease shall be construed as an assumption of said Lease by Lender. Furthermore, upon the happening of any of the above-described events, the Lease between Landlord and Tenant shall be deemed to be modified to include the provisions contained herein, notwithstanding any other provision of said Lease.

7. Representations and Warranties of Tenant. Tenant, in order to induce Lender to enter into this Agreement, hereby affirms that:

- (a) Contemporaneously with the execution of this Agreement, Tenant has delivered or caused to be delivered to Lender a full, true and complete copy of the Lease as amended to date;
- (b) the Lease is in full force and effect and has not been modified or amended;
- (c) no rent has been or will be prepaid under the Lease;
- (d) to the best of the knowledge and belief of the undersigned, Landlord is not in default in the performance of any of Landlord's obligations under the Lease;
- (e) Tenant has no present right of offset against any rent due or to become due under the Lease; and
- (f) Tenant will not amend, modify, renew or extend the Lease, enter into any sub-lease or assignment without the prior written consent of Lender.

8. Notices. All notices, demands or requests, and all responses thereto, required or permitted to be given pursuant to this Agreement shall be in writing and shall be deemed to have been properly given or served and shall be effective upon being deposited in the United States Mail, postpaid and registered or certified with return receipt requested; provided, however, that the time period in which a response to any notice, demand or request must be given shall commence on the date of the receipt of the return receipt with respect to the notice, demand or request by the addressee thereof. Rejection or other refusal to accept or inability to deliver because of a changed address of which no notice has been given shall nevertheless constitute receipt of the notice, demand or request sent. Any such notice if given to Landlord shall be addressed as follows:

Plastic Specialties, Inc.  
255 South Seventh Avenue  
City of Industry, California 91746

if given to Lender shall be addressed as follows:

First American National Bank  
327 Union Street  
Nashville, Tennessee 37237-0310  
Attn: P. Corey Napier

if given to Tenant shall be addressed as follows:

PSI South, Inc.  
10630 Marina Drive  
Olive Branch, Mississippi 38654-3712

or to such other address in the United States as Landlord, Lender or Tenant may by notice in writing designate for the giving of notices hereunder.

9. Miscellaneous. This Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, successors and assigns. Numbered and titled paragraph headings are for convenience of reference only, and neither amplify nor limit the provisions hereof. When used herein, the singular shall include the plural, and vice versa, and the use of any gender shall include all other genders. If any provision of this Agreement or the application thereof to any person or circumstance shall be held invalid or unenforceable to any extent, the remainder of this Agreement and the application of such other provisions to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, or have caused this Agreement to be executed by a duly authorized officer, as of the day and year first above written.

LANDLORD:

PLASTIC SPECIALTIES, INC.,  
a California corporation

By: [Signature]  
Title: PRESIDENT

By: [Signature]  
Title: V.P. / Secretary

TENANT:

PSI SOUTH, INC.,  
a Mississippi corporation

By: [Signature]  
Title: Exec. V.P.

LENDER:

FIRST AMERICAN NATIONAL BANK

By: [Signature]  
Title: V.P.

STATE OF CALIFORNIA )  
COUNTY OF LOS ANGELES )

PERSONALLY appeared before me, the undersigned authority in and for the said County and State, on this the 9 day of NOVEMBER, 1995, within my jurisdiction, the within named HUGO ROZYPAL, who acknowledged that HE is the PRESIDENT of Plastic Specialties, Inc., a California corporation, and that for and on behalf of the said corporation, and as its act and deed HE executed the above and foregoing instrument, after first having been duly authorized by said corporation so to do.

[Signature]  
Notary Public

My Commission Expires:

4.25.98



STATE OF CALIFORNIA )  
COUNTY OF LOS ANGELES )

BOOK 70 PAGE 247

PERSONALLY appeared before me, the undersigned authority in and for the said County and State, on this the 9 day of NOVEMBER, 1995, within my jurisdiction, the within named JOSEPH G. RONELL, who acknowledged that HE is the VICE PRESIDENT of Plastic Specialties, Inc., a California corporation, and that for and on behalf of the said corporation, and as its act and deed HE executed the above and foregoing instrument, after first having been dully authorized by said corporation so to do.

Philip E. Shura  
Notary Public

My Commission Expires: 4.25.98

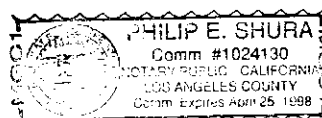


STATE OF CALIFORNIA )  
COUNTY OF LOS ANGELES )

PERSONALLY appeared before me, the undersigned authority in and for the said County and State, on this the 9 day of NOVEMBER, 1995, within my jurisdiction, the within named RALPH ROTHSHILD, who acknowledged that HE is the EXEC. V. P. of PSI South, Inc., a Mississippi corporation, and that for and on behalf of the said corporation, and as its act and deed HE executed the above and foregoing instrument, after first having been dully authorized by said corporation so to do.

Philip E. Shura  
Notary Public

My Commission Expires: 4.25.98



STATE OF TENNESSEE )  
COUNTY OF DAVIDSON )

PERSONALLY appeared before me, the undersigned authority in and for the said County and State, on this the 6th day of December, 1995, within my jurisdiction, the within named COREY WADIER, who acknowledged that HE is the vice President of First American National Bank, a national banking association, and that for and on behalf of the said national banking association, and as its act and deed HE executed the above and foregoing instrument, after first having been dully authorized by said national banking association so to do.

La Verne Williams  
Notary Public

My Commission Expires:  
may 30, 1995

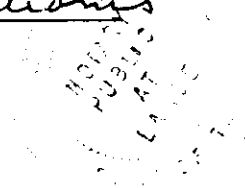


EXHIBIT A

THAT CERTAIN REAL PROPERTY SITUATED IN THE CITY OF OLIVE  
BRANCH, DESOTO COUNTY, MISSISSIPPI.

Lots 7 and 9, Section "B", Phase 1, Holiday Industrial Park, in  
Section 23, Township 1 South, Range 6 West, DeSoto County,  
Mississippi, as per plat thereof recorded in Plat Book 15, pages 9  
through 14, in the Office of the Chancery Clerk of DeSoto  
County, Mississippi.